

Message Text

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PAGE 01 ROME 02982 241822Z
ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06
SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-04 CEA-01 PA-02 PRS-01 AGRE-00 /110 W
-----250105 030908 /67

R 241742Z FEB 77
FM AMEMBASSY ROME
TO SECSTATE WASHDC 2966
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
USMISSION EC BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
USMISSION OECD PARIS
AMCONSUL MILAN
USMISSION GENEVA

UNCLAS ROME 2982

E.O. 11652: N/A
TAGS: EAGR, IT, EEC
SUBJECT: ITALIAN VIEWS ON EC FARM PRICE PACKAGE

REF: EC BRUSSELS 1437

SECSTATE PASS AGRICULTURE

1. SUMMARY. REACTION OF ITALIAN AGRICULTURAL INTERESTS
TO EC 1977-78 PRICE PACKAGE GENERALLY ONE OF REJECTION.
MINAG, FARM ORGANIZATIONS, AND AGRICULTURAL PRESS HAVE CRITICIZED
PRICE PROPOSALS.
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PAGE 02 ROME 02982 241822Z

2. MINAG MARCORA AT INITIAL MEETING OF EC COUNCIL OF AGMIN
REJECTED WHOLE PRICE PACKAGE AS UNSUITABLE FOR ITALY. THE
FARM PRESS HAS GIVEN MUCH SPACE TO THE SUBJECT CHARGING "NAIVE
ARITHMETIC" TO THE PROPOSED 3 PERCENT GREEN LIRA DEVALUATION
AND 3 PERCENT PRICE INCREASE, POINTING OUT THAT THIS 6 PERCENT
INCREASE IN PRICES TO ITALIAN FARMERS COMBINED WITH THE TWO

GREEN RATE DEVALUATIONS IN 1976 REPRESENT ONLY 18-19 PERCENT PRICE INCREASE COMPARED WITH COST OF PRODUCTION RISES OF AT LEAST 25 PERCENT. THE PRESS HAS FOCUSED ESPECIALLY ON ITALY'S PECULIAR DAIRY SITUATION IN THE FACT THAT IT IS IN DEFICIT DAIRY PRODUCTION AND SUPPORTS THE EC DAIRY POLICY BY IMPORTING LARGE VOLUMES OF EC DAIRY PRODUCTS AT PRICES HIGHER THAN WORLD LEVELS, AND ALSO BY ITS CONTRIBUTIONS TO FEOGA. THE PRESS HAS ALSO BEEN CRITICAL OF THE EC SUGAR QUOTAS. ITALY'S QUOTA IS NOW 1.23 MILLION METRIC TONS, WHEREAS 1976 PRODUCTION WAS AROUND 1.6 MILLION TONS. THE PENALTY ON THE EXCESS PRODUCTION COULD AMOUNT TO 40 BILLION LIRE.

3. THE TWO MAJOR FARMER ORGANIZATIONS IN ITALY ARE BOTH OPPOSED TO THE GUNDELACH PROPOSAL. COLTIVATORI DIRETTI (ORGANIZATION OF SMALL FARMERS) PREFER PRICE INCREASES MORE IN LINE WITH THE 7.4 PERCENT PROPOSED BY COPA. THEY WOULD HAVE MOST OF THE FARMER'S PRICE INCREASE COME FROM DEVALUATION OF THE GREEN LIRA. CONFAGRICOLTURA (ORGANIZATION OF LARGER FARMERS) ALSO WANT HIGHER FARMER PRICES AND MORE PROTECTION FROM IMPORTS FROM 3RD COUNTRIES FOR FRUIT AND VEGETABLE PRODUCERS.

4. COMMENT: ITALY IS LIKELY TO PRESS HARD DURING NEGOTIATIONS FOR HER SPECIAL INTERESTS. THESE INCLUDE CONTINUATION OF ITS NATIONAL FARM AID PROGRAM, NON-APPLICATION OF EC INCENTIVES FOR DECREASING DAIRY PRODUCTION, A LARGER SUGAR QUOTA AND EXEMPTION FROM PAYMENT OF PENALTY ON OVER QUOTA PRODUCTION. THERE MAY BE SOME WILLINGNESS TO COMPROMISE ON PREMIUMS PAID TO DURUM WHEAT PRODUCERS, MAINLY WITH RESPECT TO LIMITING PAYMENTS TO ONLY THE SOUTHERN REGIONS WHERE THIS TYPE OF WHEAT

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PAGE 03 ROME 02982 241822Z

IS A TRADITIONAL CROP.BEAUDRY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGRICULTURAL PRODUCTION, PRICE TRENDS, PRICE CONTROLS, GOVERNMENT REACTIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 24-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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Format: TEL
From: ROME
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770213/aaaaalhr.tel
Line Count: 98
Litigation Code IDs:
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Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 7961c1bf-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 EC BRUSSELS 1437
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 04-Oct-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3240385
Secure: OPEN
Status: NATIVE
Subject: ITALIAN VIEWS ON EC FARM PRICE PACKAGE
TAGS: EAGR, IT, EEC
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/7961c1bf-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009